

March 14, 2003

**MEMORANDUM**

**TO:** Members, Subcommittee on Fisheries Conservation, Wildlife and Oceans

**FROM:** Subcommittee Staff

**SUBJECT:** Oversight Hearing on the Fiscal Year (FY) 2004 Budget Request for the U.S. Fish and Wildlife Service

At 2:00 p.m. on Wednesday, March 19, 2003, in Room 1334 Longworth House Office Building, the Subcommittee will hold a hearing on the Administration's FY'04 budget request for the U.S. Fish and Wildlife Service. The Honorable Gale Norton, Secretary, Department of the Interior has been invited to testify on the Administration's funding priorities for the agency.

**U.S. FISH AND WILDLIFE SERVICE**

The U.S. Fish and Wildlife Service (USFWS) has principal responsibility and authority for migratory birds, threatened and endangered species, fish and wildlife and their habitats, and certain marine mammals. The USFWS currently manages about 95 million acres encompassing a system of 540 National Wildlife Refuges, 78 Ecological Service Field Stations, 69 National Fish Hatcheries, 64 Fisheries Resource Offices, 50 Coordination Areas, 37 wetland management and waterfowl production areas, nine Fish Health Centers and seven Fish Technology Centers.

For FY'04, the Bush Administration has requested that \$1.285 billion be allocated for USFWS programs, subject to annual appropriations. This is \$33.2 million above the FY'03 enacted level, which was \$1.252 billion. Among the highlights of this year's budget request for the USFWS are: \$402 million for Refuge Operation and Maintenance; \$128.7 million for the Endangered Species Account; \$103.6 million for Fisheries; \$86.6 million for the Cooperative Endangered Species Conservation Fund; \$49.5 million for the North American Wetlands Conservation Fund; \$40.7 million for Land Acquisition; \$35.3 million for Construction; and \$7 million for the Multinational Species Conservation Fund.

The USFWS has also indicated that it will request that \$671 million be allocated from its permanently appropriated accounts, such as the Sport Fish Restoration Account, Federal Aid in Wildlife Restoration, and Migratory Bird Conservation Account. This represents a \$9.5 million increase from what will be collected in FY'03.

The total budget request for the USFWS for FY'04 is \$1.95 billion. At the end of FY'02, the Service's total employment was 9,542 positions.

## **Fish and Wildlife Service: Accounts**

(A) **RESOURCE MANAGEMENT:** The Administration has requested \$941.5 million for this account, which comprises the vast majority of the Service's budget. This is an increase of \$24.1 million above FY'03 appropriated level. It includes:

\*Ecological Services: Consists of the Endangered Species Program, the Habitat Conservation Program, and the Environmental Contaminants Program. The proposed FY'04 budget request for Ecological Services is \$221.8 million, a \$7.2 million decrease from the FY'03 appropriated. This figure includes a \$3.9 million decrease for the Endangered Species Account, a \$3.3 million decrease for Habitat Conservation, and a small increase (\$25,000) for environmental contaminants.

In terms of the Endangered Species Act, the Service has asked that \$8.6 million be allocated for "candidate conservation" which the Service needs to work cooperatively with states, territories, federal agencies, the private sector and private landowners to provide information on more than 50,000 plants, animals and ecological communities of the U. S. and Canada. As of December 31, 2002, 258 plant and animal species were candidates for listing and an additional 32 were proposed for listing. In addition, there are currently about 90 candidate conservation agreements across the nation.

The Service has asked for \$12.2 million for the listing of threatened or endangered species, which is an increase of \$3.2 million. As of January 2003, the Service estimates that the costs to comply with existing court orders, settlement agreements and the costs of litigation for the listing of various species to be \$3 million dollars. In addition, the Service has requested \$45.7 million for consultation, and \$62 million for recovery efforts for more than 1,262 species that are currently listed.

\*Refuges and Wildlife: Includes the operation and maintenance of the 540 units of the National Wildlife Refuge System, the enforcement of Federal wildlife laws, and migratory bird management. The proposed FY'04 budget request for this account is \$485.7 million, which is an increase of \$34.1 million above the FY'03 appropriated level. The Service is requesting \$402 million for refuge operations and maintenance (\$32.2 million above the FY'03 appropriated level. In addition, \$56.6 million for law enforcement operations (\$700,000 more than FY'03); and \$31.1 million, or \$2.24 million more than FY'03 enacted for migratory bird management. There are 2,700 employees who work for the Fish and Wildlife Service within their refuge division.

According to the USFWS, the infrastructure of our Refuge System includes over 5,000 buildings, 10,287 miles of roads, 10,000 miles of dikes and levees, 23,000 water control structures, 2,000 utility systems, 690 dams, and a wide diversity of vehicles and equipment. The replacement value is estimated to exceed \$7 billion. The system supports at least 700 species of birds, 220 mammals, 250 reptiles and amphibians, more than 200 kinds of fish, and countless species of insects and plants.

In 2002, 38 million people visited one or more refuges. Nearly two million come to hunt, more than six million to fish and twenty seven million for interpretation and observation opportunities. Approximately 90 percent of refuge visitors will participate in wildlife-dependent recreational and educational activities. Currently, 311 refuges are open for hunting and 271 units are open for fishing. This represents more than 90 percent of all the refuge acreage.

The Refuge System has witnessed a surge in the number of people volunteering to assist our refuges in education, habitat management, maintenance, research, and public use. From the inception of the volunteer program in 1982, the number of volunteers has increased from 4,251 to 32,000 individuals in 2002. The hours of service have also grown from 128,440 hours to 1.2 million hours in FY'02, which is equivalent to twenty percent of all staff work done in the National Wildlife Refuge System. The value of this work is \$12.4 million dollars. There are now 225 "Friends of the Refuge" organizations and a coalition of 20 conservation groups committed to obtaining additional resources. The National Wildlife Refuge System will celebrate its 100<sup>th</sup> birthday on March 14, 2003.

The Bush Administration has requested \$109.2 million to reduce the maintenance backlog at the refuge system, which is the largest amount ever requested for this account. The refuge deferred maintenance and equipment replacement backlog is \$645 million dollars.

The Administration has proposed \$1.3 million in FY'04 to continue the Comprehensive Conservation Plans for each refuge as mandated by the National Wildlife Refuge System Improvement Act of 1997. To date, 53 plans have been completed; 152 are underway and 42 are scheduled to be completed this fiscal year. P. L. 105-57 requires all CCP's to be done by 2012.

The USFWS has requested \$993,000 be allocated to support the recovery of the Salton Sea which is a major stopover for millions of migratory water birds along the Pacific Flyway. It has been the site of fish and avian die-offs that have raised concern for its overall health. The recovery efforts include: working with the Bureau of Reclamation and Imperial Irrigation District to develop a remediation plan to improve the quality of water entering the Salton Sea.

Finally, the Fish and Wildlife Service has requested \$31.1 million for migratory bird management. This is an increase of \$2.24 million from appropriated FY'03. These funds will be used to conduct population surveys for both game and non-game species; manage migratory bird permits and hunting regulations; participate in international treaty obligations and manage overabundant populations of migratory birds including double-crested cormorants, light geese and resident Canada geese. Within this account, \$10.3 million will be allocated to some 12 joint ventures. The goal of these ventures is to protect, restore and enhance wetlands, grasslands, forests and riparian habitats in the United States.

\*Law Enforcement: The USFWS has 233 special agents, 89 wildlife inspectors and 17 wildlife forensic scientists that are responsible for enforcing 14 laws and treaties specific to wildlife and plants. Crimes involving violations of the Endangered Species Act, Lacey Act and the Migratory Bird Treaty Act account for the majority of their workload. In FY'04, the Administration requests a net increase of \$738,000 above last year's level of \$51.9 million.

\*Fisheries: Includes fish hatchery operations and maintenance and the management of anadromous, inland Great Lakes, and international fishery resources. The Service manages 69 National Fish Hatcheries, 64 Fish and Wildlife Management Assistance field stations, nine Fish Health Centers, seven Fish Technology Centers and eight river coordinators. The proposed FY'04 budget request is \$103.6 million, a decrease of \$3.73 million from appropriated FY'03.

It has been estimated that the 69 National Fish Hatcheries will produce and distribute 131 million fish and 82 million fish eggs this year for recovery, restoration, mitigation, and special conservation activities nationwide. The value of these products is over \$5 billion. Recreational fishing annually contributes about \$38 billion to the national and regional economies. These hatcheries also assist in the recovery of federally listed species that have recovery plans.

On a specific basis, the Service has requested \$58 million to operate and maintain the hatchery program, which is \$3.9 million more than last year and \$45.5 million for Fish and Wildlife Management, which is an increase of \$768,000 from the FY '03 level.

Under the Fish and Wildlife Management function, there are three sub-accounts. These are: Anadromous Fish Management, Fish and Wildlife Assistance and Marine Mammals. In FY'04, the Administration proposes to spend \$10.1 million which is slightly less than FY'03 on the conservation of anadromous fish which are species that typically transcend state, federal and international boundaries. This program focuses on culturally and economically significant species such as salmon, steelhead trout, American shad, sturgeon, and striped bass.

In FY'04, the Administration has requested \$32.9 million for Fish and Wildlife Assistance a \$5.8 million decrease from the current fiscal year. The highlights of this program are funds for native fish conservation, fish passage programs, tribal assistance, aquatic nuisance species control and Alaska subsistence fisheries management.

Finally, \$2.4 million has been proposed for marine mammals, which is a slight decrease from FY'03. These funds will be used to work with Russia and Canada to manage polar bear populations; to conserve sea otters; coordinate efforts to limit illegal trade and take of marine mammals and work with Alaskan native Commissions and subsistence communities.

\*General Administration: The Administration has requested \$130.2 million for this account, which is a \$781,000 increase from FY'03. Under this function are the Central Office Operations; Regional Office Operations, the National Fish and Wildlife Foundation, the National Conservation Training Center and International Affairs. The highlights are: \$15.6 million for the National Conservation Training Center in Shepardstown, West Virginia; \$7.6 million for the National Fish and Wildlife Foundation and \$8.1 million for international affairs.

**(B) CONSTRUCTION:** This account provides funds for construction of bridges, dams, fish hatcheries, and wildlife refuges. The FY'04 budget request for this account is \$35.3 million, which is \$19.1 million less than what was appropriated in the current fiscal year. The largest construction projects included in the FY'04 budget are: \$5.5 million to replace the Great Lakes Fish Stocking vessel at the Jordan River National Fish Hatchery in Michigan; \$5 million to build a hanger at the Ted Stevens Anchorage International Airport in Alaska; and \$3.7 million to replace office space at the Cabo Rojo National Wildlife Refuge in Puerto Rico.

(C) **LAND ACQUISITION:** This account provides funding for acquisition of lands to protect fish and wildlife habitat. The FY'04 budget request for this function is \$40.7 million, which is \$32.6 million less than FY'03. In total, the Service has recommended that 33,575 acres be acquired at a cost of \$24.6 million for inclusion within 21 National Wildlife Refuge units. These lands are acquired under the Emergency Wetlands Resources Act of 1986, the Endangered Species Act of 1973, the Fish and Wildlife Act of 1956, and separate legislative statutes.

(D) **Landowner Incentive Program:** This initiative provides matching grants to the states, territories and tribes to establish or supplement existing landowner incentive programs that provide technical and financial assistance to private landowners to help them protect and manage lands for the benefit of federally listed, proposed, candidate or other imperiled species. Of the \$40 million appropriated for this program in FY'02, approximately 10 percent, or about \$4 million, was allocated to tribes for grants, \$34.8 million will be allocated to the states and territories for grants, and \$1.2 million was used for the administration of the program.

(E) **Private Stewardship Grant Program:** This program is a competitive grant process to provide funds to individuals and groups engaged in private conservation efforts that benefit federally listed, proposed, or candidate species, or other at-risk species. The Administration has requested a \$10 million for this account.

(F) **NORTH AMERICAN WETLANDS CONSERVATION FUND:** This Fund is designed to conserve wetland ecosystems. It provides the financial assistance necessary for the implementation of the North American Wetlands Management Plan, an agreement signed in 1986, to reverse the loss of wetlands throughout the continent. To date, over 2,000 partners have worked together on more than 1,115 projects in 50 States, 13 Canadian provinces and 24 Mexican states. It has been estimated that 11 million acres of wetlands and associated uplands in Canada, Mexico and the U. S. have been protected, restored or enhanced. The Administration has requested \$49.56 million for the Fund, which is \$11 million over the amount appropriated in the current fiscal year.

(G) **MULTINATIONAL SPECIES CONSERVATION FUND:** In FY'99, Congress established this fund that incorporates appropriations for the African Elephant Conservation Act, the Asian Elephant Conservation Act, and the Rhinoceros and Tiger Conservation Act. In the 106<sup>th</sup> Congress, additional funds were created for Great Apes and Neotropical Migratory Birds.

\***African Elephant Conservation Fund:** Established by the African Elephant Conservation Act of 1988, which authorizes up to \$5 million each year for meritorious elephant conservation projects. The FY'04 request is \$1 million, which is roughly equivalent to the amount appropriated in FY'03. The authorization expires on September 30, 2007. Since its creation, Congress has appropriated more than \$13 million to the fund. This money has financed over 170 conservation projects in 25 range states throughout Africa. These projects have included: elephant population surveys, anti-poaching equipment for wildlife rangers, and translocation of elephants from drought regions.

\*Asian Elephant Conservation Fund: Established by the Asian Elephant Conservation Act of 1997 (P.L. 105-96). This Fund is authorized at \$5 million per year until September 30, 2007. The Administration has requested \$1 million for this fund in FY'04. The Service has spent \$4.1 million to fund 64 conservation projects in 12 different range countries. These projects have been for elephant research, management, community education, law enforcement, genetic studies, and traditional elephant training. The world's surviving population of wild Asian elephants are found in 13 South and Southeastern Asian countries.

\*Rhinoceros and Tiger Conservation Fund: This Fund was created with the enactment of the Rhinoceros and Tiger Conservation Act of 1994 (P.L. 103-91). This law authorizes Congress to appropriate up to \$10 million each year for this Fund until September 30, 2007. To date, Congress has appropriated \$5.1 million to the Fund, which has been used to finance 174 conservation projects in 19 countries. Money has been spent on projects including: an adopt-a-warden program in Indonesia, survey of tiger trade in Cambodia, aerial monitoring of white rhinos in Zaire, and investigation of tiger poaching in India. In FY'04, the Administration has requested \$1 million for the Rhinoceros and Tiger Conservation Fund, which is level funding.

\*Great Ape Conservation Fund: This Fund was created with the enactment of the Great Ape Conservation Act of 2000. (P. L. 106-411). This law authorizes Congress to appropriate up to \$5 million each year until September 30, 2005. Since enactment, Congress has appropriated \$2.9 million for this fund, which has been used to finance 45 grants in 17 range counties. This investment has been matched with \$1.3 million in private money from various conservation organizations. The type of projects funding include: population surveys of chimpanzees, gibbons, orangutans and western lowland gorillas; an orangutan monitoring program in Indonesia; and management strategies for chimpanzees. The Administration has requested \$1 million for this fund, which is level funding from FY'03.

\*Neotropical Migratory Bird Fund: This Fund was created with the enactment of the Neotropical Migratory Bird Conservation Act of 2000 (P. L. 106-247). This law authorizes Congress to appropriate up to \$5 million per year until September 30, 2005. The Administration has requested \$3 million for this fund in FY'04. To date, 32 conservation grants have been approved in 26 countries and 17 U. S. states, ranging from Alaska to Argentina.

(H). **PERMANENT ACCOUNTS:** The FY'04 budget request also includes \$671 million in permanently appropriated funds, which is \$9.5 million more than last year. The following Fish and Wildlife Service programs will receive these funds:

\*Migratory Bird Conservation Account: Funds land acquisition for migratory waterfowl habitat with receipts from the sale of "duck stamps", import duties collected on arms and ammunition, and wildlife refuge entrance fees. The USFWS anticipates collecting \$42.5 million in FY'04, which is approximately the same that was received last year. This includes: \$25.5 million from the purchase of duck stamps; \$16.5 million in import duties on arms and ammunition; and \$250,000 in refuge entrance fees. At the close of FY'02, a total of 5,102,621 acres of land with a purchase price of \$806 million was approved by the Migratory Bird Commission.

\*Federal Aid in Wildlife Restoration (Pittman-Robertson): Provides funding to States to carry out wildlife restoration projects. First enacted in 1937, the Fund is financed by an 11 percent excise tax on sporting firearms and ammunition, a 12.4 percent tax on archery equipment, and a 10 percent excise tax on handguns. The Act prescribes a formula that distributes 50 percent of the funds based on the area of the State and 50 percent based on the number of paid hunting license holders in each State. It is estimated that \$238 million will be collected for distribution to the States in FY'04. This is \$1.1 million more than what the Service expects to collect this year.

\*National Wildlife Refuge Fund: Provides payments to counties in which Fish and Wildlife lands are located to compensate for the tax revenue that would have been generated if the lands had remained in private hands. Funding for the program is derived from net revenues from the sale of grazing rights, mineral resources, oil and gas, timber, and other products from Service lands. In FY'02, the Service raised \$6.1 million from these activities. By combining the receipts and appropriations, the Service will direct \$20.1 million towards payments to counties in FY'03 which is 49 percent of full entitlement.

\*Cooperative Endangered Species Fund: This account provides money to states and territories for species and habitat conservation actions on non-federal lands. Under this program, state and territories must contribute 25 percent of the estimated program costs of approved projects. In FY'03, Congress appropriated \$81 million for this account. The Bush Administration has requested \$86.6 million for this fund in FY'04 an increase of \$5.6 million. All 50 states have cooperative agreements for animals and 44 states have agreements for plants.

\*Sport Fish Restoration Program (Wallop-Breaux): Provides funding to States to implement sport fish restoration and enhancement projects. Over the past 50 years, total apportionments have been more than \$4.2 billion. These funds helped to build more than 4,100 boating access sites, to purchase or improve over 539,100 acres for boating and fishing and to fund research in better ways to manage fish populations. The appropriate uses include: acquisition of sport fish habitat, stocking of sport fish, research into fishery resource problems, surveys of sport fish populations, operation and maintenance of facilities, and aquatic resource education. The Fund is financed from a 10 percent excise tax on sportfishing tackle and equipment, a 3 percent excise tax on electric trolling motors and fishfinders, a portion of gasoline taxes paid by motorboat users, taxes from gasoline used in small engines, and interest earned on the investment of these funds. It is estimated that \$271 million will be collected in taxes and duties for distribution to the States in FY'04. This is an increase of \$6 million in revenues.

\*Recreational Fee Demonstration Program: This program was authorized by the FY'96 Omnibus Appropriations Act, which directed that entrance and user fees be retained for operation and maintenance with at least 80 percent returned to the specific site of collection to offset program costs and enhance visitor facilities. By the end of FY'02, there were 104 approved sites. In FY'03, \$3.8 million was collected from these sites. \$3.4 million was spent to defer the cost of collection, improve visitor services, and to address maintenance backlogs. In FY'04, the Service expects to collect \$4 million under this program.